

TAX CREDIT ANALYSIS

Program Name: Rebuilding Communities					
Department: Economic Development		Contact Name & No.: Brenda Horstman 751-3713			Date: October 2011
Program Category: Business Recruitment			Type: Tax Credit <input checked="" type="checkbox"/> Other (specify) _____		
Statutory Authority: 135.535, RSMo			Applicable Taxes: Income tax, Corporate franchise tax, Bank tax, Insurance premium tax, Other financial institutions tax		
Program Description and Eligibility Requirements: Provides a tax credit for eligible businesses locating, relocating or expanding within a distressed community. A business must have fewer than 100 full-time employees, 75% of which must be located in the distressed community, and be primarily engaged in manufacturing, biomedical, medical devices, scientific research, animal research, computer software design or development,					
Explanation of How Award is Computed: Entitlement <input checked="" type="checkbox"/> Discretionary _____ The tax credit is equal to either 40% or 25% of eligible equipment purchases, depending on whether the business is new or existing, or 40% of state income taxes due. A 1.5% employee tax credit is also available to businesses who receive one of the 40% credits and is based on an employee's gross salary. The 40% income tax credit is limited to \$125,000 per year for three years. The 40% and 25% equipment credits are limited to \$75,000 per year for four years.					
Program Cap: Cumulative \$ _____ (remainder of cumulative cap) \$ _____ Annual \$ 8 million _____ None _____ Explanation of cap: Total credits issued under this program may not exceed \$8 million per year. The 25% equipment credits are further limited to \$750,000 per year. (Note that 620.1881, RSMo - the Missouri Quality Jobs Act - reduced the cap from \$10 million to \$8 million).					
Explanation of Expiration of Authority:					
Specific Provisions: (if applicable) Carry forward <input type="checkbox"/> 5 years Carry Back <input type="checkbox"/> 3 years Refundable <input type="checkbox"/> Sellable/Assignable <input checked="" type="checkbox"/> Additional Federal Deductions Available <input type="checkbox"/>					
Comments on Specific Provisions: The 1.5% employee credits are sellable/assignable only.					

	FY 2009 ACTUAL	FY 2010 ACTUAL	FY 2011 ACTUAL	FY 2012 (current year)	FY 2013 (budget year)
Certificates Issued (#)	740	433	320	400	400
Projects (#)	48	33	47	35	35
Amount Authorized	\$2,002,376	\$1,419,758	\$1,641,452	\$1,500,000	\$1,500,000
Amount Issued	\$2,002,376	\$1,419,759	\$1,444,107	\$1,500,000	\$1,500,000
Amount Redeemed	\$1,548,622	\$1,553,894	\$1,277,135	\$1,350,000	\$1,350,000
EST. Amount Outstanding	N/A	N/A	\$2,633,543	N/A	N/A
EST. Amount Authorized but Unissued	N/A	N/A	\$0	N/A	N/A

HISTORICAL AND PROJECTED INFORMATION

Category	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013
Amount Authorized	\$2,002,376	\$1,419,758	\$1,641,452	\$1,500,000	\$1,500,000
Amount Issued	\$2,002,376	\$1,419,759	\$1,444,107	\$1,500,000	\$1,500,000
Amount Redeemed	\$1,548,622	\$1,553,894	\$1,277,135	\$1,350,000	\$1,350,000

Comments on Historical and Projected Information:

TAX CREDIT ANALYSIS

Program Name: Rebuilding Communities

BENEFIT: COST ANALYSIS (includes only state revenue impacts)

	FY 2011 ACTUAL	Other Fiscal Period (5 years)	<u>Derivation of Benefits</u>
BENEFITS			Investment: (a) \$4,341,384 in equipment demand in 2011. Employment: (a) n/a Other Assumptions: (a) Estimated annual Professional Technical and Misc. Manufacturing Industry sales of \$347,311 based on 8 percent ROI between years 2011-2020. Sales increase modeled to not increase direct employment within the industry.
Direct Fiscal Benefits	\$59,935	\$45,734	Incentives/Credits: (a) \$1,641,452 in authorized Rebuilding Communities tax credits in 2011, redeemed between 2011-2016. Impacts occur in the Statewide Region. Assumptions provided by DED. Estimated using REMI-PI+Statewide Model (remi-fiscal-PI+aug11). The multi-year fiscal Benefit-Cost Ratio is 0.04 when other program incentives are included.
Indirect Fiscal Benefits	\$22,023	\$16,805	
Total	\$81,958	\$62,539	
COSTS			
Direct Fiscal Costs	\$273,575	\$1,552,725	
Indirect Fiscal Costs	\$0	\$0	
Total	\$273,575	\$1,552,725	
BENEFIT: COST	0.30	0.04	

Other Benefits:

In FY-2011, every dollar of authorized program tax credits returns

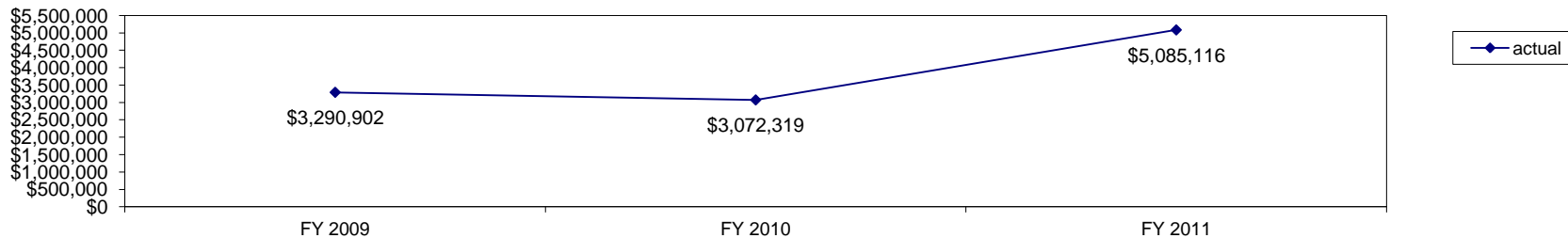
\$2.12 in new personal income totaling	\$0.58 million
\$5.01 in new value-added/GSP totaling	\$1.37 million
\$8.41 in new economic output totaling	\$2.30 million

Over 5 YEARS, every dollar of authorized program tax credits returns

\$0.56 in new personal income totaling	\$0.87 million
\$2.23 in new value-added/GSP totaling	\$3.47 million
\$3.64 in new economic output totaling	\$5.65 million

PERFORMANCE MEASURE(S)

New Investment



Comments on Performance Measure: